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McManus Bill Alters Homestead Tax Exemption Name to Benefit Citizens

“Principal Residence” to Replace Homestead Exemption

(LANSING) – The state Senate passed legislation this week altering the name of the homestead tax exemption to alleviate any confusion with the homestead property tax credit, state Senator Michelle McManus announced today.

“Since the inception of Proposal A in 1994 there has been an overwhelming amount of confusion between the homestead tax exemption and the homestead property tax credit,” McManus, R-Lake Leelanau, said. “This bill eradicates that confusion so Michigan residents can properly calculate their taxes and receive one or both of the credits they may be eligible for.”

Twenty years after the homestead property tax credit was created, the implementation of Proposal A added statutory provisions for a homestead exemption. The credit and the exemption offer two separate ways for taxpayers to reduce their tax burdens, and qualified taxpayers may claim either or both.

Because both the credit and the exemption refer to “homestead,” some taxpayers have been or become confused regarding their ability to qualify for one or both.

Senate Bill 133, sponsored by McManus, seeks to make a clear distinction between the homestead exemption and the homestead tax credit by changing the exemption name to “principal residence” exemption.

“The change in terminology in Senate Bill 133 also makes it easier for township treasurers to explain the exemption and the credit to the public,” McManus concluded.

SB 133 now heads to the House of Representatives for consideration.

-- 30 --

**Editor’s Note: A downloadable photograph of Senator McManus is available on the Senate
Majority Photowire at:**

<http://www.senate.michigan.gov/gop/photowire/McManus/McManus.htm>